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8 SEP 1975

MEMORANDUM FOR THE RECORD

SUBJECT : House Select Committee Investigation

1. At the conclusion of the discussions with representatives of the House Select Committee on 5 September 1975, Mr. A. Cyril Field, in closed session with [] and the undersigned was given a brief overview of Agency procurement regulations and organization. Mr. Field asked to arrange a schedule for interviewing representatives from the OTS and OD&E contracting teams. Appointments were established for 11:00 a.m. and 2:00 p.m. on this date for Mr. Field to talk to []

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2. Sandra Zeune, representing Mr. Field, met with [] and the undersigned from 11:00 a.m. to 12:30 p.m.. During this session the overview presentation given to Mr. Field on Friday was repeated since Ms. Zeune had not participated in the previous presentation. Her questions and her own statements indicated a complete naivete for the technical aspects of Government procurement. She further stated that she was in somewhat of an awkward position since she had been notified at the last minute that she was to handle this particular interview. Some of her questions were as follows:

Q. - What is [] position?

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A. - Contracting Officer for the OTS contracting team.

Q. - What is [] organization?

25X1

A. - He reports to the Director of Technical Service and has a deputy, plus three negotiators working for him.

Q. - What is [] delegation of authority?

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A. - [] is authorized to procure R&D, prototypes, first followon products, and services.

ATC

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IMPDET CL BY []

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RSR/CS

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Q. - What is the limit of [] authority? 25X1

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A. - [] has no limit on signatorial authority. He is required to obtain review and approval of the Agency Contract Review Board for procurement in excess of \$150,000 and overruns which exceed \$22,500 and 15 percent of the original contract amount.

Q. - How does [] respond to requirements from field stations? 25X1

25X1

A. - [] has no direct contact with field stations. Field stations might buy mundane routine items through the delegation of authority extended to the Chief of Station and redelegated to the Log officer or other individual handling field procurement. The field stations with requirements for R&D or other types of services would communicate the requirement through the geographic area division to DD/O and from there to the contracting teams. *ATC*

Q. - Does the contracting officer challenge or question requirements which are levied on him by the Director of Technical Service?

A. - It is not the contracting officer's job or prerogative to challenge requirements. If a requirement is unclear he would, of course, request clarification from the requesting component.

Q. - How would the OTS contracting officer procure a request for guns or ammunition?

A. - The OTS contract Officer would not be purchasing such items. Such items, if required, would be handled through an SC-2 mechanism. 25X1

Q. - What is the basic authority on which [] delegation is based?

A. - The delegation is based on Agency procurement authority which is contained in Section 3 of the CIA act. Said act picks up 10 of the special circumstances described in Section 3 of ASPR permitting procurement by negotiation.

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Q. - What is an acceptable justification for sole source procurement?

A. - The justification for sole source procurement is described in ASPR and a copy of said justification can be provided.

Q. - What were [] previous assignments? 25X1

A. - Two years in Contract Management Branch of the Procurement Division, several years on the OD&E contracting team, and many years with the Navy.

Q. - What were [] duties in his previous positions? 25X1

A. - Essentially the same as in his present position.

Q. - What types of products does [] buy? 25X1

A. - Electronic equipment, R&D services, etc.

Q. - What about wire tapping devices?

A. - General electronic equipment and R&D, and if special information is required on OTS needs, such information should be acquired from Director of Technical Service.

3. Aside from the above special questions, Ms. Zeune got into such hypothetical areas^{such} as what would be done in the event that a supplier delivered a product which did not conform to contract specifications. She was advised that the action would depend on the type of contract that had been negotiated; i.e., in the event of a fixed price contract the vendor would be expected to correct the defective product at no cost to the Agency. However, in the event of a CPFF contract under the "inspection and correction of defects clause" the vendor would be required to correct the defects with the Agency reimbursing cost exclusive of any fixed fee. The question was also raised as to how the decision is made on what contractors should be included in a competitive procurement action. Ms. Zeune was advised that normally the requesting component recommends a list of most qualified sources to the contracting officer. The contracting officer may, of course, add to or delete from *AC*

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the recommended list. Ms. Zeune finally stated that she had run out of questions and suggested that [redacted] just talk a while to help her think of additional questions. [redacted] replied that he felt we have pretty well covered the subject. At which point Ms. Zeune said thank you very much and concluded the interview.

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4. Ms. Zeune asked that copies of Section 3 of the CIA Act, Section 3, Part 2 of Armed Services Procurement Act, and a profile of Agency contract officers be provided to her. These documents will be forwarded to the review staff for delivery to her.

5. This memorandum has been coordinated with Mr.

[redacted]

[redacted]

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Chief
Procurement Management Staff, OL

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Review Staff: 75/2744
28 August 1975

MEMORANDUM FOR THE RECORD

SUBJECT: "Advisors" for Interviewees

25X1 1. HSC Staffer Rushford was concerned that OCI interviewees were being "advised" by Deputy Director [redacted] OCI. He said that some of them "did not care" whether they had an advisor, and he interpreted this to mean no advisor need be present.

2. To clarify this, I said that interviewees would answer "yes" or "no" to the question of whether they wanted an advisor present. "I don't care" would be considered a "no" answer. However, since the OCI interviewees didn't know that interpretation, they would be informed and re-asked.

25X1 3. I confirmed this procedure with Jack Boos, and he passed the word to Rushford. I then advised [redacted]. If any interviewee does not want an "advisor" present, of course, the advisor should gracefully withdraw.

cc: SC/DCI
Task Force Members



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